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IN THE

Supreme Court of the United States

OCTOBER TERM, 1943

No. **92**

THE SWAN CARBURETOR COMPANY,
Petitioner,

vs.

THE NASH MOTORS COMPANY,
Respondent.

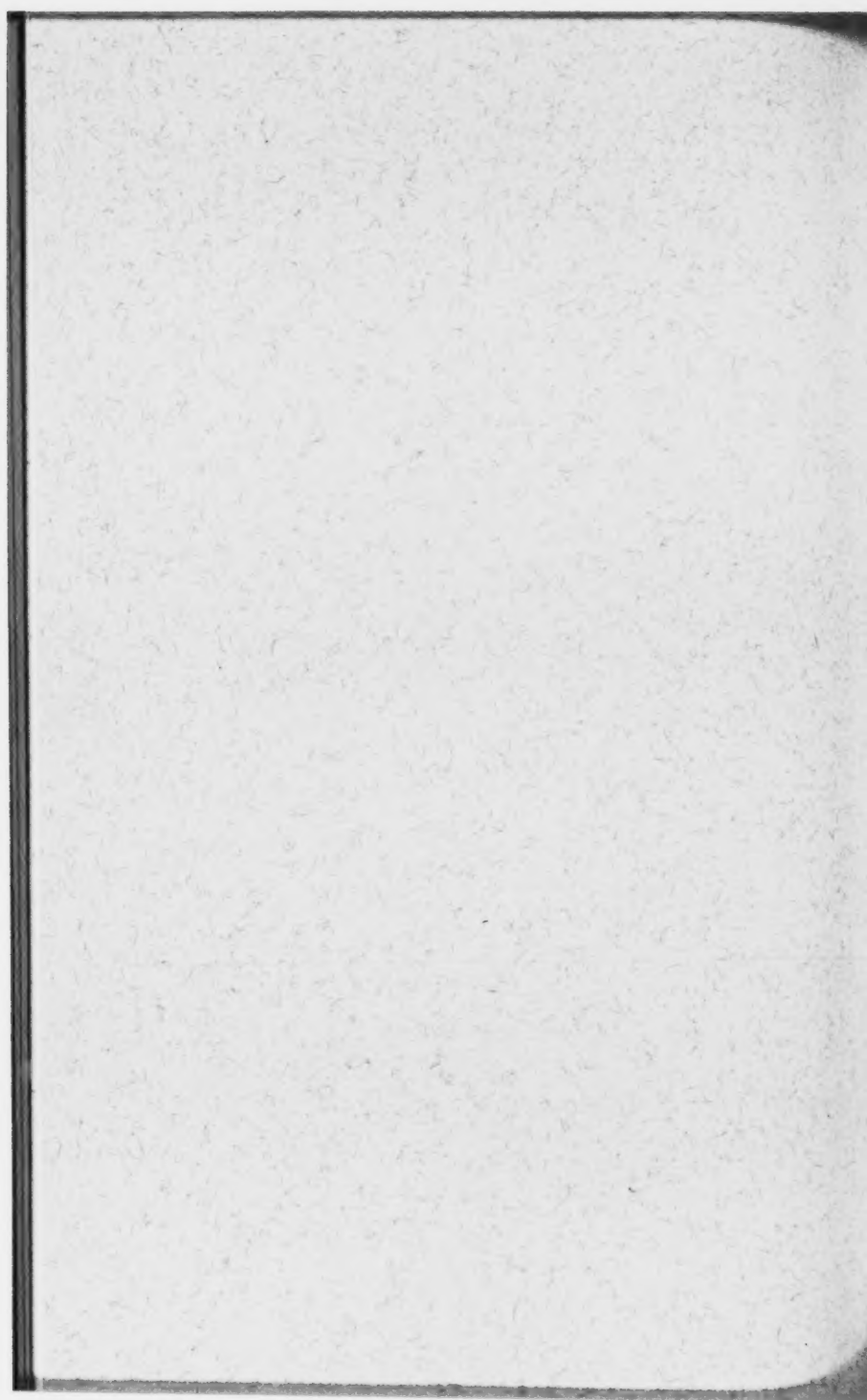
**RESPONDENT'S BRIEF OPPOSING PETITION FOR
WRIT OF CERTIORARI**

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INDEX

	PAGE
STATEMENT OF THE CASE.....	2
CONCLUSION	11

AUTHORITIES

<i>Dowagiac Mfg. Co. v. Minnesota Plow Co.</i> , 235 U. S. 641	10
<i>Sheldon v. Metro-Goldwyn Corp.</i> , 309 U. S. 390, 400.....	4, 7
<i>Swan v. General Motors</i> (D. C., N. D. Ohio), 42 F. (2d) 452; affirmed (C. C. A. 6), 44 F. (2d) 24.....	5
<i>Swan v. Nash</i> (C. C. A. 4), 105 F. (2d) 305, 310.....	6
<i>Swan v. Reeke-Nash</i> (C. C. A. 6), 88 F. (2d) 876, 885; certiorari denied, 302 U. S. 691.....	5
<i>Tilghman v. Proctor</i> , 125 U. S. 136, 146.....	4, 7
<i>Westinghouse v. Wagner</i> , 225 U. S. 604.....	9, 10, 11



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Contrary to the impression given by the petition, the judgment below does not turn the plaintiff away without relief. It awards plaintiff as profits, damages and interest an amount in excess of \$165,000.00.

Defendant sold in all 350,633 intake manifolds which, because of their inclusion of a detail of design, of no practical importance, were held to infringe the plaintiff's patents. Of these 350,633 infringing manifolds, 349,019 were sold as integral parts of completed automobiles, and 1,614 were sold separately for replacement or repair. On the 349,019 manifolds sold as parts of completed cars, the judgment below allows plaintiff, as damages, the full amount of plaintiff's established royalty, viz., thirty cents for the first ten thousand manifolds in a given year, twenty-five

cents each for the next fifty thousand manifolds, and twenty cents per manifold for all additional manifolds. This award amounts to \$80,250.20, and represents a royalty of over 28% of the cost of the manifolds.¹ On the 1,614 manifolds sold separately, the judgment below allows plaintiff the sum of \$2,031.01, the total profit realized from their sale. The judgment also allows interest on the damages from the date of the infringement (1925-1928) and on the profits from the date of the Master's report (1942), the total award, including all interest, being in excess of \$165,000.00. This more than adequately compensates the plaintiff for the infringement.

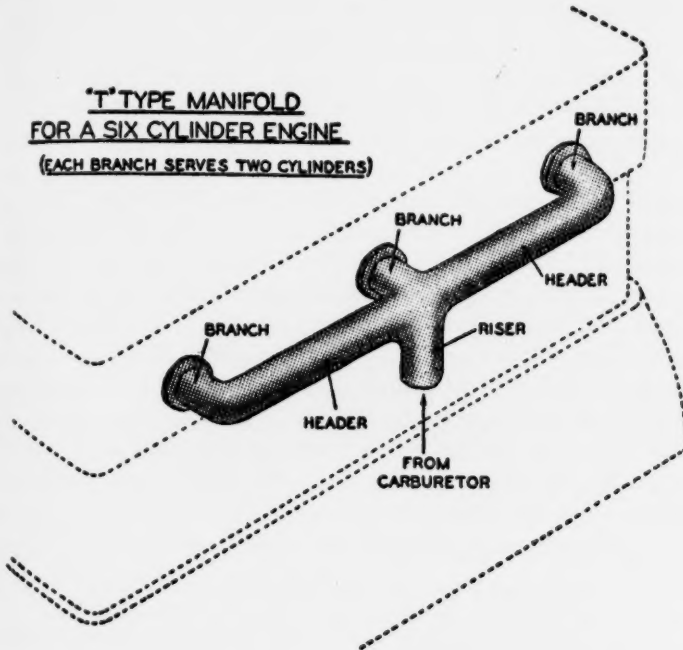
Plaintiff seeks review only of that part of the decision which holds that plaintiff has failed to show itself entitled to any award of *profits* (as distinguished from damages) with respect to the manifolds sold as parts of completed cars, for which plaintiff was fully compensated by the award of its full established royalty plus interest. This decision, which on the facts is more than fair to plaintiff, is in conformity with the applicable decisions of this Court and presents no conflict of decision between the Circuits. There is, therefore, no reason for the granting of a writ of certiorari.

Statement of the Case

The patents in suit relate to intake manifolds for gasoline engines, the manifold being the system of piping which connects the carburetor of such an engine with the several cylinders. Manifolds of the conventional T-type, which are involved in the present case, consist of a vertical *riser* which leads from the carburetor to the header, a horizontal *header* running fore and aft beside the cylinders, and three horizontal *branches* running from the header to the cylin-

¹ Appendix V, p. 219.

ders. An illustration of a conventional manifold of this type is shown in the sketch below²:



The manifold is a static structure, having no moving parts whatever. It serves simply as a conduit to conduct the fuel from the carburetor to the several cylinders.

The essential difference between the patented manifold and the T type manifolds of the prior art was that the passageways of the patented manifold were of square instead of round cross-section. Defendant, not wishing to use plaintiff's alleged invention, used a manifold having passageways of the conventional round cross-section. But in the

² Sketch from Appendix V, p. 189, Plate A.

ensuing litigation it was held, contrary to defendant's belief, that the use of sharp instead of rounded corners at the turns within the manifold was also a part of the invention and that defendant had transgressed by using such sharp corners, even though its manifolds were of round instead of square cross-section.

In the original litigation, in which plaintiff's patents were sustained, plaintiff successfully contended that the use of these sharp corners, in place of the rounded corners of the prior art, gave greatly improved performance. But in the present case it was established, by plaintiff itself, that the use of these sharp corners (which alone were responsible for the holding of infringement) was of absolutely no advantage. This completely destroyed the plaintiff's claim for profits on these manifolds, for it is well established that the only profits to which a plaintiff is entitled are those which have been made *by reason of the use of his invention* or, as this Court put it in the old case of *Tilghman v. Proctor*, 125 U. S. 136, 146, quoted with approval by this Court in its recent decision in *Sheldon v. Metro-Goldwyn Corp.*, 309 U. S. 390, 400,

“... the fruits of the advantage which he derived from the use of that invention, over what he would have had in using other means then open to the public and adequate to enable him to obtain an equally beneficial result. *If there was no such advantage in his use of the plaintiff's invention, there can be no decree for profits, and the plaintiff's only remedy is by an action at law for damages.*”³

It will be remembered that *damages* on the manifolds in question are allowed by the judgment in the present case.

The lack of advantage of a manifold having the supposedly new and useful feature of sharp instead of rounded corners at the bends, as compared with similar manifolds having conventional rounded bends (and therefore not

³ Emphasis ours in all quotations.

embodying the Swan "invention"), was established by plaintiff in the present case under most unusual circumstances, which will now be explained briefly:

As stated above, plaintiff's patents are directed primarily to the supposed improvement of making a manifold of the old T type, of square instead of round cross-section. The sharp-cornered, round cross-section manifolds in issue were used by defendant Nash during the period 1925-1928 in the belief that they embodied no part of Swan's invention.⁴ Similar manifolds were being used by General Motors, which had a license under plaintiff's patents but which, like the present defendant, did not regard these manifolds as embodying any part of Swan's alleged invention. But in plaintiff's suit against General Motors, the Court held that the patents were not confined to manifolds of square cross-section, and that the round-sectioned General Motors manifolds in issue infringed because they had sharp corners at the turns, instead of the previously conventional rounded bends.⁵ The present defendant, upon receipt of this indication that the Courts might disagree with its interpretation of the patents, at once (in 1928) discontinued the use of all sharp corners in its manifolds, and reverted to a manifold modeled after the prior art Matheson manifold, having rounded bends at all turns within the manifold, as well as passageways of round cross-section.

Defendant's sharp-cornered manifolds were attacked by plaintiff in a suit brought against defendant's Cleveland dealer, the Reeke-Nash Company, and the Court followed the decision in the earlier suit against General Motors, holding these manifolds to be infringements.⁶ In this suit

⁴ Appendix IV, pp. 263-264.

⁵ *Swan v. General Motors* (D. C., N. D. Ohio), 42 F. (2d) 452; affirmed (C. C. A. 6), 44 F. (2d) 24.

⁶ *Swan v. Reeke-Nash* (C. C. A. 6), 88 F. (2d) 876, 885; certiorari denied, 302 U. S. 691.

against *Reeke-Nash*, no claim of infringement was made against the round-cornered manifolds which had been adopted after the decision in the General Motors case, but such a claim was subsequently asserted in the present suit brought directly against the manufacturer.

In the present suit, the decision in the earlier suit against defendant's dealer, *Reeke-Nash*, was held to be *res judicata* against the present defendant, and this accounting was therefore ordered on the adjudicated infringing, sharp-cornered manifolds.

In support of its claim of infringement against defendant's round-cornered manifolds, first advanced in the present suit, plaintiff established that these manifolds gave results substantially identical with those of the patented manifold and the previously adjudicated infringing, sharp-cornered manifolds.⁷ This fact was accepted by the defendant and by the Court.⁸ Notwithstanding this identity of results between the accused round-cornered manifolds and the patented and adjudicated infringing, sharp-cornered manifolds, the Court properly held that the round-cornered manifolds did not infringe because they were like the prior art.⁹ No petition for certiorari was filed from this decision and its soundness is not in issue here.

This disclosure that the patented manifolds gave results no better than the prior art, as exemplified by defendant's round-cornered, non-infringing, prior-art type manifolds, was stated by the Court to cast doubt on the validity of the patents,¹⁰ but the present accounting was ordered on the square-cornered manifolds because, as stated, the issue as to them was held to be *res judicata*.

For present purposes, the significant thing about all this prior litigation is the fact that the only difference between the manifolds involved in the present accounting, and the

⁷ Appendix V, pp. 29-32.

⁸ *Swan v. Nash*, C. C. A. 4, 105 F. (2d) 305, 310.

⁹ *Id.*, p. 310.

¹⁰ *Id.*, p. 310.

adjudicated non-infringing, prior-art type manifolds is that the infringing manifolds have sharp instead of rounded corners, and that both manifolds give identical results. *That is, under these decisions, the only thing defendant took from Swan was the sharpness of these corners, and the use of this feature had no effect whatever upon the manifold's performance.*

In dealing with the plaintiff's claim to profits on the infringing, sharp-cornered manifolds incorporated in completed cars, the Court below correctly stated the rule of law involved, namely, that an infringer must account only for the profits that he has made

*"by the use of the plaintiff's invention, or, in other words, the fruits of the advantage which he derived from the use of that invention, over what he would have had in using other means then open to the public and adequate to enable him to obtain an equally beneficial result. If there was no such advantage in his use of the plaintiff's invention, there can be no decree for profits, . . ."*¹¹

In the accounting, defendant showed that no saving in cost was effected by the use of the infringing, sharp-cornered manifolds, as compared with the non-infringing, round-cornered manifolds which had been held to be like the prior art.¹² *That is, defendant's cars not only operated with the same effectiveness but cost the same to make, regardless of whether their manifolds embodied or did not embody the invention of these patents. From this it followed that no part of the profit made by defendant on its cars equipped with infringing manifolds was due to the use of this invention.*

¹¹ C. C. A. Opinion, Transcript of Record VI, p. 8. (Quoting from *Tilghman v. Proctor* and *Sheldon v. Metro-Goldwyn Corp.*, *supra*, pp. 3-4.)

¹² Appendix IV, p. 281.

The Court below said in this regard:

"If he [plaintiff] can show that the invention [1] *has in fact contributed to the profits* and [2] *can furnish an approximate estimate of the amount of the contribution* by expert testimony or otherwise, his right to a judgment for profits is clear. In the pending case, however, as we have seen, the plaintiff has failed in both respects as to the mounted manifolds sold in the defendant's motor cars."¹³

This holding was in accordance with the decision of both the Master and the District Court. At page 6 of its opinion, the Circuit Court of Appeals quotes the Master's holding that the plaintiff has not established

"the profits, if any, which the defendant made from the infringing manifolds sold integrally with automobiles",

and goes on to say that this finding is supported by conclusions reached in the prior litigation:

". . . In our prior decisions we found that the first group of manifolds, that infringed the patent, produced no better results than the second group that did not infringe; and the decision in a more recent case, *Swan Carburetor Co. v. Chrysler Corp.*, 6 Cir., 130 F. 2d 391, seems to be in accord with the view we have taken that the earlier Matheson manifold, upon which the defendant's second group of manifolds was based, was not a failure but a substantial success. Moreover, the manufacture and sale of Swan manifolds under license has been abandoned to a large extent and it seems clear that the invention did not actually have the merit which it was formerly supposed to possess. *Our conclusion is that the plaintiff has failed to show that the defendant derived a profit from the use or sale of infringed [infringing] manifolds mounted in automobiles.*"¹⁴

¹³ C. C. A. Opinion, Transcript of Record VI, p. 8.

¹⁴ C. C. A. Opinion, Transcript of Record VI, p. 6.

This conclusion of the Court, that plaintiff had failed to show that defendant derived a profit from the sale of the infringing manifolds mounted in automobiles, a conclusion compelled by the facts to which we have referred, precluded the award of any profits on these manifolds, under all of the pertinent decisions.

Prominent among the decisions which support this conclusion of the Court below is the case of *Westinghouse v. Wagner*, 225 U. S. 604, which is relied upon by plaintiff. In *Westinghouse v. Wagner* it is made completely clear that a plaintiff is entitled only to profits for which his invention has been responsible:

" . . . if plaintiff's patent only created a part of the profits, he is only entitled to recover that part of the net gains." (p. 615)

* * * * *

" . . . [plaintiff] was only entitled to recover such part of the commingled profits as was attributable to the use of its invention." (p. 617)

* * * * *

" . . . where, by general evidence, expert testimony or otherwise, it is shown that his patent is of relatively small value, it will often be possible to prove that, at the utmost, it could not have contributed to more than a given amount of the profits. *Lupton v. White*, 15 Vesey Jr. 432-440. In such cases, except possibly against one who had concealed or destroyed evidence or been guilty of gross wrong, the plaintiff's recovery cannot exceed the amount thus proved, even though it be impossible otherwise more precisely to apportion the profits." (p. 620)

In the present case it is clear from the facts discussed above that no part of the profit made by defendant on its cars was due to the use of Swan's alleged invention. Therefore plaintiff has no valid claim to any part of defendant's profits.

This same principle has been expressed and applied by this Court in many other cases. See, for example, *Dowagiac*

Mfg. Co. v. Minnesota Plow Co., 235 U. S. 641, where this Court said (p. 646):

"In so far as the profits from the infringing sales were attributable to the patented improvements they belonged to the plaintiff, and in so far as they were due to other parts or features they belonged to the defendants. . . ."

Plaintiff attempts to invoke that part of this Court's decision in *Westinghouse v. Wagner* which holds that under certain circumstances the burden is on defendant to show what part of his profit is attributable to the plaintiff's patent, and what part to other features, and that if he fails to make such segregation, all of his profits may be awarded to the plaintiff. There are two reasons why this rule does not apply in the present case:

First, because plaintiff has failed to show, as it must before the rule would be applicable at all, "the existence of profits attributable to his invention."¹⁵ It was specifically held by the Court below that plaintiff had failed to show "that the invention has in fact contributed to the profits."¹⁶ This failure by plaintiff was inevitable in view of the facts to which we have referred.

Second, because defendant made a full disclosure of all the relevant facts, including the fact that the total profit on its complete manifolds (of which only an insignificant detail of design was held to be plaintiff's property) amounted to only \$53,509.43.¹⁷ This, of course, was less than plaintiff's claim for damages based on its established royalty (\$80,250.20), so plaintiff was not interested in this smaller profit figure.¹⁸

¹⁵ *Westinghouse v. Wagner*, 225 U. S. 604, 622.

¹⁶ C. C. A. Opinion, Transcript of Record VI, pp. 8-9; *supra*, p. 7.

¹⁷ Appendix V, p. 211.

¹⁸ "The plaintiff concedes that it is not entitled to both profits and damages on the same manifolds but maintains that it has the option to use that method of calculation which produces the larger return." (C. C. A. Opinion, Transcript of Record VI, p. 3.)

Plaintiff's contention that under *Westinghouse v. Wagner*, the Court should have awarded plaintiff the entire profits on defendant's complete automobiles does not require further comment since, as we have seen, plaintiff failed to prove the first requisite to the invocation of the rule contended for, namely, the existence of profits "attributable to his invention."¹⁹

Conclusion

It is clear from the foregoing that the Court below did not err in declining to award profits on the manifolds in question (as to which plaintiff was fully compensated by a generous award of damages), and that its decision in this regard is not in conflict with the applicable decisions of this Court and the Circuit Courts of Appeal of other Circuits.

The petition for certiorari should therefore be denied.

If the Court should deem the case of sufficient interest to warrant review, it is earnestly requested that the review be not confined to the isolated point designated by plaintiff, but that the entire case be taken up so that the Court may determine whether, under the peculiar circumstances which the case discloses, the allowance of any recovery at all is warranted.

Respectfully submitted,

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¹⁹ Note 15, *supra*.